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C O N F I D E N T I A L SECTION 01 OF 03 BRASILIA 000697

SIPDIS

DEPARTMENT PASS TO SPECIAL ENVOY TODD STERN

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SUBJECT: BRAZIL: OPPORTUNITY TO POSITIVELY INFLUENCE CLIMATE CHANGE
NEGOTIATING POSITION

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B) 2008 BRASILIA 1159, C) BRASILIA 143,
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F) BRASILIA 265, G) 2007 BRASILIA 2020),
H) SCHNIER-DRISCOLL E-MAIL 12 MAY 2009

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Classified by: Deputy Chief of Mission Lisa Kubiske, Reasons 1.4 (b)
and (d)

11. (C) SUMMARY. There are signs that within the Brazilian government there is increasing pressure to take a more pro-active role in the ongoing international climate change negotiations. To make progress in this area, Vice Minister for the Environment Izabella Teixeira in recent meetings with the Ambassador and the Deputy Chief of Mission urged that senior USG officials dealing with climate change come to Brazil to pursue a dialogue with Minister Dilma Rousseff in the Presidency and other key officials. We have a good opportunity to nudge the development of Brazil's negotiating position in a more positive direction. Post strongly concurs with her analysis and suggestion. END SUMMARY.

OBTAINING BRAZIL'S HELP WITH DEVELOPING COUNTRIES

12. (C) Post has highlighted (REFTELS) the internal division within the Brazilian government over how to deal with climate change in the ongoing negotiations under the UN Framework Convention on Climate Change (UNFCCC). The Ministry of Exterior Relations (MRE) has had the lead in these negotiations. Although the MRE has replaced veteran environmental negotiator Everton Vargas with Vera Machado as Under Secretary for Policy and head of the climate change negotiating team (REFTEL E), there have been only modest signs of positive evolution in the MRE's views. In late 2007, Vargas adamantly rejected the idea put forth by National Economic Council Director Al Hubbard and Deputy National Security Advisor Dan Price that Brazil and other developing countries should make commitments to help reduce global climate change. Vargas repeatedly stressed that developing countries had no obligations under the UNFCCC except to provide reports (REFTEL B). In May, Vera Machado echoed that view to the Ambassador, namely, that only Annex I countries in the UNFCCC needed to take on targets. There may be some modest movement in MRE's stance based on the discussion in March between Luis Alberto Figueiredo Machado, Vera Machado's deputy (no relation) and the MRE's Director of the Environment Department, and Special Envoy Todd Stern. Figueiredo said that Brazil might be willing to support the creation of a registry mechanism to measure and verify actions of non-Kyoto parties, non-Annex I countries. (REF H)

13. (C) In contrast to the incremental evolution of the MRE's thinking, the Ministry of the Environment (MMA) has been bursting forth with new energy and ideas since Minister Carlos Minc and Vice Minister Izabella Teixeira took office in May 2008. The MMA is

advocating positions that are more supportive of those of the U.S. Government (USG). In February 2009, Environment Minister Carlos Minc in Nairobi publicly underscored the necessity of developing countries to do more, citing the case of Brazil where the government has committed to reducing deforestation - the primary source of its emissions - by 70% by 2017. In return for developing countries taking stronger measures to reduce emissions, Minc said, the developed countries would need to provide them with greater financial assistance and transfer of technology. Minc has consistently sought a more pro-active role for Brazil in the UNFCCC negotiations, acting as a bridge between the developed and the developing countries.

14. (C) At a working lunch with the Ambassador on May 7 and later at a meeting with the Deputy Chief of Mission (DCM) on May 20, Vice Minister Teixeira (with her advisors Suzana Kahn and Branca Americano) reiterated the MMA's thinking that Brazil could serve as a bridge between developed and developing countries. She emphasized that a partnership with the United States early on would make a major difference in the negotiations. She acknowledged to the Ambassador that there were differences between the MMA's approach and that of the MRE. She stated that fortunately the Presidency (referred to as Casa Civil) has the ability to weigh in decisively. She considered the Casa Civil as an ally, noting that Casa Civil's Minister Dilma Rousseff sided with the MMA in a dispute with the MRE in December 2008 over whether or not to include in the domestic national climate change plan targets for reductions in the deforestation rate. For Brazil, deforestation accounts for the vast majority of its greenhouse gas emissions (REFTEL A). COMMENT. While Rousseff appears to be a friend and political ally of Minc, she has infrequently intervened to help Minc in his various struggles on environmental issues with the MRE, the Agriculture Ministry, and other agencies. END COMMENT.

15. (C) For their part, MRE officials in discussions with Post have sought to minimize the role of the MMA in these negotiations. MRE's

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Special Envoy for Climate Change Sergio Serra regularly emphasizes to the Post's Environment, Science & Technology, and Health (ESTH) Counselor that the MRE leads the Brazilian negotiating team and that Minc is speaking just his own personal views. On May 19, a key MRE director once (but no longer) involved in climate change issues privately told the DCM that Minc was not a good interlocutor on climate change because he wasn't realistic enough. Rather than focusing on what this director views as unattainable goals, he suggested that the United States focus on what is attainable, at one point using the formulation that "developed countries will have to cut emissions, developing countries will have to cut the rate of growth of emissions." In his view, there is a strategic effort being planned by the Europeans to put the United States, China, India, and Brazil on the defensive at Copenhagen. To counter this, he advocated that the United States and Brazil should focus on the principles we can agree on to take together to Copenhagen for the UNFCCC talks. In this regard, he steered us back to the MRE negotiators. The MRE went so far as to contemplate sending a negotiating team to the first meeting of the Major Economies Forum without a representative from the MMA, though it later backed down and dropped out one of its officials (Serra) to allow an MMA official (Americano) to attend.

16. (C) COMMENT. To date, the MRE has been generally successful in keeping to a minimum the MMA's role in setting the negotiating team's positions in the UNFCCC negotiations. There are several reasons that undergird this split with the MMA. There is an institutional turf battle, with the MRE not wanting to cede its well-established authority to another ministry in these high-profile international negotiations. Further, the MRE is probably more sensitive to repercussions from China, India and other developing countries if it is seen to be breaking ranks with them by agreeing that developing countries should take on more responsibility for solving the global warming problem. The MMA, being primarily domestic oriented, is more shielded from such repercussions. Another factor is that the MMA seems to be much more concerned about solving the problem, while the MRE views the matter in the context of Brazil's broader foreign policy concerns and goals (for example, defending Brazilian sovereignty and enhancing Brazil's leader-of-the-Third World credentials), rather than primarily as a significant, imminent threat

to Brazil. Thus, for the MRE there is limited value in Brazil making commitments and sacrifices to address this challenge. END COMMENT.

¶7. (C) Another important difference between the MRE and the MMA is over granting of credits or offsets for conserving standing forests. The MRE succeeded in keeping forests out of the UNFCCC's clean development mechanism (CDM) and to this day opposes this concept. Minc is open to ideas with regard to standing forests, and in April spoke at a conference regarding Reducing Emissions from Deforestation and forest Degradation (REDD). The MRE's opposition is not limited to REDD; Vera Machado told the Ambassador that, although Brazil now does not oppose the use of a "cap-and-trade" mechanism, Brazil sees it as only a stop-gap measure, as it will only maintain current emission levels, not reduce them. The MRE wants to see deep cuts by those countries responsible for historic emissions.

¶8. (C) The MMA and the MRE agree on two key points in the UNFCCC negotiations. First, they both see a need for greater technology transfer and financial assistance to developing countries to help them mitigate and adapt to climate change. Second, they both have highlighted the pivotal role the United States plays in the negotiations. Vera Machado and Teixeira have said the United States is key to the success or failure in these negotiations.

HOW TO POSITIVELY INFLUENCE BRAZIL'S POSITION

¶9. (C) Teixeira discussed with the Ambassador and the DCM means to encourage the Brazilian negotiating team position to evolve in a positive manner. She suggested to the Ambassador that senior USG officials come to Brazil and meet with the key MMA (Minc and Teixeira) and MRE officials (Machado and Figueiredo) and that they should reach out to Casa Civil Minister Rousseff and Ministry of Science and Technology (MCT) Vice Minister Luiz Antonio Rodrigues Elias. While in Brazil, visiting USG officials should also meet with other important Brazilian leaders from the national government, the congress, the state governments, non-governmental organizations, and the private sector.

¶10. (C) At the later meeting with the DCM, Teixeira and her staff elaborated on the idea of a partnership with the United States. This would include a political dialogue and also concrete technical projects on climate change. Teixeira also suggested that while these dialogues would initially be focused on climate change issues, they could also be used as a vehicle for fostering a conversation on other related environmental issues, such as forest management, biodiversity, or access and benefit sharing. In addition, she said the United States could send a strong signal about its new commitment

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to climate change by making a significant contribution to the Amazon Fund (REFTEL B).

¶11. (C) COMMENT. The USG has a clear opportunity to nudge the development of Brazil's negotiating position in a more positive direction. The arrival of the new team at the Environment Ministry (Minc, Teixeira, Kahn and Americano) has built up internal support for such a change. Visits from senior USG officials who can meet with Casa Civil Minister Rousseff and other influential Brazilians could be very fruitful. Rousseff, whose influence on these issues and with President Lula makes her a key player, is not likely to travel much to the United States this year as a result of health issues. If we want to reach her with input from Washington, USG officials will need to come here. END COMMENT.

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